Supreme Court, U.S.
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No. 99-601

In the

Supreme Court of the United States

INTERACTIVE TECHNOLOGIES, INC.,

Petitioner,

v.

PITTWAY CORPORATION and
ADEMCO DISTRIBUTION, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY BRIEF

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CORPORATE DISCLOSURE STATEMENT

The parent corporation of Interactive Technologies, Inc. is ITI Technologies, Inc.

INTRODUCTION

Supreme Court Rule 15(6) permits a petitioner for a writ of certiorari to file a reply brief "addressed to new points raised in the brief in opposition." Respondent Ademco[1] has raised new points in its brief and Petitioner Interactive Technologies, Inc. (hereinafter ITI) hereby replies.

First, Ademco claims that ITI has waived the arguments made in its petition for certiorari. This is wrong as a legal and factual matter. Second, Ademco asserts that the Federal Circuit based its decision in the present case solely on the claim language and the *Markman* interpretation. This indicates that Ademco agrees with ITI concerning the method of analysis used by the Federal Circuit. It crystallizes the legal disagreement in this case regarding the type of evidence that must be considered by a court in performing the function-way-result of the doctrine of equivalents and demonstrates the propriety of a grant of certiorari, or at least, a GVR order.

ARGUMENT

A. Interactive Technologies, Inc. Properly Raised Its Arguments Below

Respondent Ademco asserts that Petitioner ITI waived its arguments made in its petition for a writ of certiorari by failing to make them earlier. (Ademco's Brief in Opposition to Certiorari 2, 22-23) (hereinafter Opp.). On the contrary, ITI has maintained a consistent position throughout the suit. In sidestepping the legal issues raised in ITI's petition, Ademco seeks to have the Court reject ITI's petition on inappropriate procedural grounds rather than reach the merits.

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[1] Following Respondents' convention in its Brief in Opposition, Respondents Pittway and Ademco are jointly referred to as "Ademco."

The thrust of Petitioner's argument in its petition to the Federal Circuit for rehearing and its petition for a writ of certiorari is that the Federal Circuit erred when it overturned a jury verdict finding that Ademco's learn mode for a twenty-two bit sensor/transmitter identity code infringed ITI's patented learn mode for a twenty-bit transmitter identity code. Petition for Certiorari 8-9 (hereinafter Pet.). Petitioner asserts that certiorari is proper because the Federal Circuit made significant errors of law regarding the doctrine of equivalents. *See generally* Pet. 13-24. Ademco asserts that the Federal Circuit properly articulated the legal standards and simply applied these standards to a particular set of facts. Ademco's brief in opposition fails, however, to square the legal standards applied in this case to controlling legal precedent.

Petitioner prevailed in district court. Pet. 9. As a prevailing party, Petitioner may make any argument in support of the judgment that finds support in the record. *See Jaffke v. Dunham*, 352 U.S. 280, 281 (1957).

Petitioner's arguments for infringement under the doctrine of equivalents find ample support in the record. *See e.g.*, Pet. 9, 17-18 (citing trial record). As one of its challenges to ITI's position, Ademco objects to ITI's characterization of the function of the non-duplication feature as unsupported in the record. Opp. 14, 20. The language that Ademco objects to, however, was based on the preamble to one of the claims in the patent in suit---not only part of the record, but the most vital record in the case. *See* Pet. 17 (citing claim preamble).

Arguments about an issue are not waived as long as the issue was before the district court. *See American Medical Systems, Inc. v. Medical Eng'g Corp.*, 6 F.3d 1523, 1532 (Fed. Cir. 1993) (finding no waiver "because [defendant's] arguments on appeal raise nothing that was not before the

district court"). Neither is it necessary to raise an argument at each stage of the proceeding. *See Streamfeeder LLC v. Sure-Feed Systems, Inc.*, 175 F.3d 974, 984 (Fed. Cir. 1999) (holding that issue was preserved when raised before the jury and not raised subsequently in JMOL motion).

As the Federal Circuit has stated, "[t]he scope of the issues presented . . . on appeal must be measured by the scope of the judgment appealed from, not by the arguments advanced . . . ." *Engel Industries, Inc. v. Lockformer Co.*, 166 F.3d 1379, 1382 (Fed. Cir. 1999). Appellees have been rebuked for filing unnecessary cross-appeals merely for the purpose of asserting alternate grounds to support the judgment. *See Datascope Corp. v. SMEC, Inc.*, 879 F.2d 820, 822 fn. 1 (Fed. Cir. 1989).

ITI forcefully argued the issue of infringement by equivalents at trial. It presented expert testimony on that issue. *See* Brief of Appellee to the Federal Circuit 16-17 (hereinafter Br. of Appellee). It never agreed, as Ademco claims, that the input codes "perform an entirely different function." Opp. 20. If that was the case, ITI could never have presented evidence on each prong of the "function-way-result" test necessary for infringement by equivalents.

In defending Ademco's appeal to the Federal Circuit, ITI cited the expert trial testimony on "function-way-result" in post-trial and appellate briefing. Br. of Appellee 14-17. It presented arguments regarding the legal controls on the doctrine of equivalents. Br. of Appellee 31-32. Therefore, ITI can in no way be considered to have waived either the issue or its arguments regarding infringements. Accordingly, the Court should reject Ademco's deflecting arguments of waiver and reach the merits.

B. Respondent Ademco's Arguments Regarding The Doctrine Of Equivalents Demonstrate The Existence Of A Dispute Over Legal Controls On The Doctrine

Ademco asserts that the only differences between this case and cases cited by ITI, such as *Corning Glass Works v. Sumitomo Elec. U.S.A.*, 868 F.2d 1251 (Fed. Cir. 1989), *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 172 F.3d 1361 (Fed. Cir. 1999), *reh'g en banc granted, judgment vacated by* -- F.3d --, 51 USPQ2D 1959 (1999, and *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950), are "different facts, not different analysis." Opp. 20. Yet Ademco's own assessment of the Federal Circuit's analysis in this case demonstrates that there is a method of analysis distinctly and fundamentally different from *Corning Glass, Festo* and *Graver Tank* at work here. Thus, Ademco's own arguments in support of denial of the petition for certiorari demonstrate the existence of a legal dispute. This legal dispute certainly provides grounds a hearing on the merits at the Court, or at least a GVR order.

Ademco acknowledges that the Federal Circuit determined the function and role of the "no duplicates" limitation by reference only to "the express language of the limitation, but also on the *Markman* interpretation." Opp. 16. ITI agrees that the Federal Circuit's analysis of infringement by equivalents consisted solely of reference to these linguistic tools. *See* Pet. 13. While Ademco argues that this analysis is entirely proper, ITI's Petition demonstrates that this approach improperly collapses infringement by equivalents into a literal infringement analysis. Properly understood in view of the precedents at issue in this petition, Ademco's arguments in favor of the Federal Circuit's actions below crystallize the legal dispute between the parties.

Ademco does not cite a single case, other than the *Festo* panel decision, for the proposition that reference solely to claim language and *Markman* interpretations is a proper infringement by equivalents analysis. Opp. 17. Since the *Festo* panel decision has been vacated, this is tantamount to citing no precedent at all. *See Festo,* -- F.3d --, 51 USPQ2D 1959 (1999) *granting reh'g and vacating* 172 F.3d 1361 ,.

In apparent recognition, Ademco tries in vain to manipulate *Graver Tank* and *Corning Glass* into support of its arguments. Ademco faces the nearly insurmountable hurdle that each of these cases considered extrinsic evidence to determine the function of the claim limitations at issue. *See* Pet. 18-19, 24-25. Ademco attempts to characterizes the extrinsic evidence in those cases as undisputed facts, or an admission. Opp. 21-21. But if there were no disputes in these cases, as Ademco would have the Court believe, there would have been no reason to hold trials, much less appeals.

The crux of the parties' disagreement is this: The Federal Circuit panel in *Interactive Technologies, Inc. v. Pittway Corp.*, No. 98-1464, 1999 (Fed. Cir. June 1, 1999) applied the tools of literal infringement---claim language and *Markman* interpretations---to perform an equivalents infringement analysis. Ademco asserts that this is proper and in accord with Supreme Court and Federal Circuit precedent. Ademco asserts that to use any other tools would constitute legal error. Opp. 16-17.

ITI has demonstrated that it is legal error to use only these tools. *See generally* Pet. 13-24. Interactive Technologies has cited Supreme Court and Federal Circuit cases that apply more extensive analytical methods. There are many other such cases that ITI will cite if given the opportunity, either on a full briefing on the merits in this Court, or on remand to the Federal Circuit. *See, e.g.*

Genentech, Inc. v. Wellcome Foundation, Ltd., 29 F.3d 1555, 1567 (Fed. Cir. 1994) ("The operative definition for purposes of equivalency is the intended function as seen in the context of the patent, the prosecution history, and the prior art.") (citing *Graver Tank*, 339 U.S. at 609).

The Federal Circuit announced a willingness to resolve issues regarding the all elements rule when it vacated the *Festo* panel decision for an *en banc* rehearing. This case is still pending and turns on the same legal doctrine. Ademco's new arguments in its brief in opposition to certiorari reinforce the propriety of granting certiorari, or at a minimum, granting a GVR to allow the Federal Circuit to reconsider its decision in light of the precedent it will soon create.

CONCLUSION

For the reasons stated above, the petition for a writ of certiorari should be granted, or alternatively, a grant, vacate and remand order should issue.

Respectfully submitted,

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